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The Food Bank of Central Louisiana

Alexandria, Louisiana

Financial Statements

June 30, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/26/08

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October 29, 2008

Independent Auditors' Report

Board of Directors
The Food Bank of Central Louisiana
Alexandria, Louisiana

We have audited the accompanying statements of financial position of The Food Bank of Central Louisiana (a not-for-profit organization) as of June 30, 2008 and 2007, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of The Food Bank of Central Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from The Food Bank of Central Louisiana's June 30, 2007 financial statements and, in our report dated October 24, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of The Food Bank of Central Louisiana as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2008 on our consideration of The Food Bank of Central Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Food Bank of Central Louisiana

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October 29, 2008

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Food Bank of Central Louisiana taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Knight Masden

The Food Bank of Central Louisiana
Statements of Financial Position
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 86,997	\$ 99,656
Restricted cash	3,770	2,206
Pledges receivable	50,514	35,279
Accounts receivable	12,149	35,730
Grants receivable	9,567	10,000
Prepaid expenses	2,664	-
Inventory	<u>789,090</u>	<u>1,409,609</u>
Total Current Assets	954,751	1,592,480
Plant, Property and Equipment, net of accumulated depreciation	<u>354,412</u>	<u>373,180</u>
 Total Assets	 <u>\$ 1,309,163</u>	 <u>\$ 1,965,660</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 134,395	\$ 102,844
Accrued payroll expenses	8,111	8,496
Current portion of long-term debt	<u>-</u>	<u>5,013</u>
Total Current Liabilities	142,506	116,353
Net Assets		
Unrestricted	807,454	1,758,866
Temporarily restricted	<u>359,203</u>	<u>90,441</u>
Total Net Assets	<u>1,166,657</u>	<u>1,849,307</u>
 Total Liabilities and Net Assets	 <u>\$ 1,309,163</u>	 <u>\$ 1,965,660</u>

The accompanying notes are
an integral part of the financial statements.

The Food Bank of Central Louisiana
Statements of Activities
For the Year Ended June 30, 2008 and 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
Revenues				
Contributions, gifts and grants				
Government	\$ -	\$ 84,591	\$ 84,591	\$ 252,572
Other	338,883	385,456	724,339	655,814
In-kind donations				
Government	-	969,601	969,601	548,544
Other	3,652,823	-	3,652,823	6,854,270
Program service revenue	144,048	-	144,048	155,455
Fund raising events	6,452	-	6,452	1,833
Other income	3,436	-	3,436	22,516
Total Revenues	<u>4,145,642</u>	<u>1,439,648</u>	<u>5,585,290</u>	<u>8,491,003</u>
Net Assets Released From Restrictions	<u>1,170,886</u>	<u>(1,170,886)</u>	<u>-</u>	<u>-</u>
Functional Expenses				
Program services	5,935,750	-	5,935,750	7,686,108
Management and general	175,888	-	175,888	173,825
Fund raising	156,302	-	156,302	143,688
Total Functional Expenses	<u>6,267,940</u>	<u>-</u>	<u>6,267,940</u>	<u>8,003,621</u>
Change in Net Assets	(951,412)	268,762	(682,650)	487,382
Net Assets - beginning of year	<u>1,758,866</u>	<u>90,441</u>	<u>1,849,307</u>	<u>1,361,925</u>
Net Assets - end of year	<u>\$ 807,454</u>	<u>\$ 359,203</u>	<u>\$ 1,166,657</u>	<u>\$ 1,849,307</u>

The accompanying notes are
an integral part of the financial statements.

The Food Bank of Central Louisiana
Statements of Cash Flows
For the Year Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$(682,650)	\$ 487,382
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	41,485	46,247
Donated plant, property and equipment	(2,000)	(1,000)
(Increase) decrease in receivables	8,779	(26,344)
Increase in prepaid expenses	(2,664)	-
(Increase) decrease in inventory	620,519	(415,496)
Increase in accounts payable	31,551	5,306
Increase (decrease) in other liabilities	(385)	4,681
Net Cash Provided by Operating activities	<u>14,635</u>	<u>100,776</u>
Cash flows from Investing Activities		
Purchase of plant, property and equipment	<u>(20,717)</u>	<u>(52,608)</u>
Net Cash Used by Investing Activities	<u>(20,717)</u>	<u>(52,608)</u>
Cash flows from Financing Activities		
Repayment of debt	<u>(5,013)</u>	<u>(22,238)</u>
Net Cash Used by Financing Activities	<u>(5,013)</u>	<u>(22,238)</u>
Net Increase (Decrease) in Cash and Cash equivalents	(11,095)	25,930
Cash and Cash Equivalents - Beginning of Year	<u>101,862</u>	<u>75,932</u>
Cash and Cash Equivalents - End of Year	<u>\$ 90,767</u>	<u>\$ 101,862</u>
Cash and Cash Equivalents	\$ 86,997	\$ 99,656
Restricted Cash	<u>3,770</u>	<u>2,206</u>
Total Cash and Cash Equivalents	<u>\$ 90,767</u>	<u>\$ 101,862</u>
Cash paid for:		
Interest	\$ 7,260	\$ 2,032

The accompanying notes are
an integral part of the financial statements.

The Food Bank of Central Louisiana
Statements of Functional Expenses
For the Year Ended June 30, 2008 and 2007

				2008	2007
	Food	Management		Total	Total
	<u>Distribution</u>	<u>and General</u>	<u>Fundraising</u>	<u>Expenses</u>	<u>Expenses</u>
Food costs	\$ 5,279,517	\$ -	\$ -	\$ 5,279,517	\$7,031,418
Freight	167,065	-	-	167,065	172,420
Kids café	24,483	-	-	24,483	10,529
Contract labor	27,092	-	-	27,092	16,945
Disaster relief	-	-	-	-	1,454
Insurance	40,146	12,320	4,643	57,109	62,974
Lease	36,850	2,475	-	39,325	46,808
Repairs and maintenance	53,019	131	-	53,150	42,617
Supervision expense	753	-	-	753	34,828
Warehouse expense	11,114	-	-	11,114	11,872
Depreciation	35,262	6,223	-	41,485	46,247
Direct mail	-	-	78,299	78,299	68,198
Events	-	-	2,524	2,524	2,678
Payroll expenses	198,762	92,620	46,648	338,030	286,646
Advertising	-	-	24,010	24,010	27,606
Bad debt	5,907	-	-	5,907	-
Bank charges	-	697	-	697	719
Dues and subscriptions	6,839	2,280	-	9,119	6,291
Education and seminars	-	1,130	-	1,130	2,914
Public relations	-	5,626	-	5,626	5,635
Postage and printing	4,753	11,637	-	16,390	18,217
Meals	3,336	782	-	4,118	3,153
Security	-	565	-	565	1,452
Software maintenance	3,299	3,299	-	6,598	8,244
Telephone	4,868	4,868	-	9,736	7,528
Travel	2,140	6,597	178	8,915	19,111
Utilities	22,172	924	-	23,096	19,297
Interest	-	7,260	-	7,260	2,032
Donation	-	-	-	-	18,450
Taxes & licenses	-	374	-	374	937
Legal & professional	-	10,500	-	10,500	16,000
Office supplies	8,373	5,580	-	13,953	10,402
	<u>\$ 5,935,750</u>	<u>\$ 175,888</u>	<u>\$ 156,302</u>	<u>\$ 6,267,940</u>	<u>\$8,003,621</u>

The accompanying notes are
an integral part of the financial statements.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2008 and 2007

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

The Food Bank of Central Louisiana (Food Bank) is a not-for-profit organization that gathers, stores and redistributes food to individuals and charitable organizations and churches that serve the needy. Food sources include donations from individuals, corporations and organizations; purchased food; and the USDA Commodities program.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Food Bank and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Food Bank and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Food Bank. Generally, the donors of these assets permit the Food Bank to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates have been applied in the determination of donated food values and depreciation in preparation of the accompanying financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all unrestricted monies in banks and highly liquid investments with original maturities of less than three months.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2008 and 2007

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition and Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Food Bank. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Food Bank is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

Food Inventory

Donated and Purchased – Food inventory, predominately donated, is reported at fair value as determined by pricing guidelines produced by *America's Second Harvest*. Donated food inventory received is recorded as unrestricted revenue at an amount equal to the determined value in accordance with the aforementioned guidelines.

Commodities – Commodities inventory is reported at fair value as determined by the commodities price listing produced by the Louisiana Department of Agriculture and Forestry. Commodities inventory received is recorded as temporarily restricted revenue at an amount equal to the determined value in accordance with the aforementioned guidelines.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets' useful lives, which range from 3 to 39 years.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2008 and 2007

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Accounts Receivable

The Food Bank determines past-due accounts based on contractual terms of net 30 and does not charge interest on the accounts. The Food Bank charges off receivables if management considers the collection of the outstanding balance to be doubtful. No allowance is recorded because management believes all accounts to be collectable.

Note 2 – Pledges Receivable

As of Jun 30, 2008 and 2007, pledges receivables totaled \$50,514 and \$35,279 respectively, which is the net present value of the receivables. The net present value was calculated using the five year Treasury Note rate. The gross amount of pledges receivables due at June 30, 2008 and 2007 is \$52,755 and \$37,655 respectively, which are due as follows:

<u>Year Due</u>	<u>2008</u>		<u>2007</u>	
	<u>Actual</u> <u>Amount</u>	<u>Net Present</u> <u>Value</u>	<u>Actual</u> <u>Amount</u>	<u>Net Present</u> <u>Value</u>
2008	-	-	\$13,255	\$13,255
2009	\$20,005	\$20,005	9,150	8,714
2010	12,350	11,934	7,650	6,939
2011	9,250	8,637	4,300	3,715
2012	8,150	7,353	1,800	1,481
2013	2,000	1,744	1,500	1,175
2014	<u>1,000</u>	<u>841</u>	<u>-</u>	<u>-</u>
Total	<u>\$52,755</u>	<u>\$50,514</u>	<u>\$37,655</u>	<u>\$35,279</u>

Note 3 – Fixed Assets and Depreciation

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of June 30, 2008 and 2007:

<u>Description</u>	<u>Life</u>	<u>2008</u>	<u>2007</u>
Equipment	5 - 7 years	\$334,858	\$325,038
Building	39 years	393,602	381,002
Furniture & Fixtures	5 - 7 years	297	-
Less: Accumulated Depreciation		<u>(374,345)</u>	<u>(332,860)</u>
Net Fixed Assets		<u>\$354,412</u>	<u>\$373,180</u>

Depreciation expense for the years ended June 30, 2008 and 2007 were \$41,485 and \$46,247, respectively.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2008 and 2007

Note 4 – Restricted Cash

As of June 30, 2008 and 2007, restricted cash totaled \$3,770 and \$2,206, respectively, which represents money received from FEMA for the purpose of preparing disaster boxes. FEMA requires that the funds be kept in a separate bank account.

Note 5 – Restricted Net Assets

As of June 30, 2008 and 2007 net assets in the amount of \$359,203 and \$90,441, respectively, were temporarily restricted for the following reasons:

<u>Restriction</u>	<u>2008 Amount</u>	<u>2007 Amount</u>
Kid's Café Food	\$ 81,401	\$76,381
Strategic Planning	-	10,000
Freezer Purchase	-	1,550
FEMA disaster boxes	5,327	2,510
BackPack Program	50,507	-
Refrigerated Van Lease and Driver	48,954	-
Warehouse Improvements	31,123	-
USDA Commodities	30,960	-
State LANAIP	<u>110,931</u>	<u>-</u>
Total	<u>\$359,203</u>	<u>\$90,441</u>

As of June 30, 2008 and 2007 Food Bank had no permanently restricted net assets.

Note 6 – Donated Food and Services

Activity of donated food inventory is summarized as follows:

<u>Unrestricted</u>	<u>2008</u>	<u>2007</u>
Beginning Unrestricted Inventory	\$ 1,403,228	\$ 904,192
Donations received	3,650,823	6,851,320
Purchases	38,573	44,097
Distributed, discarded and adjustments	<u>(4,445,425)</u>	<u>(6,396,381)</u>
Ending Unrestricted Inventory	647,199	1,403,228
 <u>Temporarily Restricted</u>		
Beginning Temporarily Restricted Inventory	6,381	-
Donations received	969,601	6,381
Distributed, discarded and adjustments	<u>(834,091)</u>	<u>-</u>
Ending Temporarily Restricted Inventory	<u>141,891</u>	<u>6,381</u>
 Total Ending Inventory	<u>\$ 789,090</u>	<u>\$ 1,409,609</u>

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2008 and 2007

Note 6 – Donated Food and Services (Continued)

Also, equipment valued at \$2,000 and \$1,000 was donated to the Food Bank in 2008 and 2007, respectively. In 2007, the Food Bank had silent auction items valued at \$1,951 donated.

Unpaid volunteers have made significant contributions of their time to the Food Bank. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement value.

Note 8 – Retirement Plan

The Food Bank adopted a Simple Plan for its employees. The Plan covers all full time employees who have completed at least one year of service. The Food Bank is obligated to match up to 100% of an employee's deferred amount, which cannot exceed 3% of their pay. The Food Bank contributed \$5,333 and \$4,517 to this Plan during the years ended June 30, 2008 and 2007, respectively.

Note 9 – Leases

The Food Bank is obligated to the following leases, which are classified as operating leases:

- a) Copier Lease – This lease was entered into on November 10, 2005, and is for \$450 per month for an undetermined number of payments.
- b) Building Lease – This lease was entered into on July 27, 2004 and renewed on July 24, 2007, and is for \$3,125 per month for 36 months.

Future minimum lease obligations for the next five years are:

Years Ended <u>June 30</u>	<u>Amounts</u>
2009	\$42,900
2010	42,900
2011	5,400
2012	5,400
2013	5,400

The total lease payments made during the years ended June 30, 2008 and 2007 is \$39,325 and \$46,808, respectively.

Note 10 – Concentrations of Risk

The Food Bank receives the majority of its donated food from three sources. For the year ended June 30, 2008, about 80% comes from Second Harvest 12% from state LANIAP program and the remaining 8% comes from the USDA commodity program. For the year ended June 30, 2007, about 92% came from Second Harvest while the other 8% came from the USDA commodity program.

The Food Bank of Central Louisiana
Notes to the Financial Statements
June 30, 2008 and 2007

Note 10 – Concentrations of Risk (Continued)

At June 30, 2007, funds on deposit with Red River Bank exceeded the available Federal Deposit Insurance Coverage by \$7,378.

Note 11 – Note Payable

The note payable consists of a promissory note to Hancock Bank dated September 12, 1996. The note is payable in 180 monthly installments of \$1,704, including interest at a fixed rate of 8.25% and is secured by the building located at 3223 Baldwin Avenue. The note was satisfied in full during the fiscal year ended June 30, 2008.

The Food Bank of Central Louisiana
Schedule of Federal Awards
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Federal Expenditures</u>
U. S. Department of Agriculture – Emergency Food Assistance Program			
Indirect Programs:			
Louisiana Department of Agriculture and Forestry	10.568		\$606,846
Louisiana Department of Agriculture and Forestry	10.569		79,264
U. S. Department Homeland Security			
Direct Program			
Emergency Food and Shelter Program	97.024		<u>2,510</u>
Total Expenditures of Federal Awards			<u>\$688,620</u>

The Food Bank of Central Louisiana
Notes to the Schedule of Federal Awards
For the Year Ended June 30, 2008

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Food Bank of Central Louisiana (Food Bank) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Food Distribution

Non-monetary assistance is reported in the schedule at the estimated cost of the commodities disbursed. At June 30, 2008, the organization had USDA commodities valued at \$30,9610 in inventory.

Note C – Sub-Recipients

Most of the commodities distributed were done so to eligible recipient agencies considered to be sub-recipients of the Food Bank.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with Government Auditing
Standards**

October 29, 2008

Board of Directors
The Food Bank of Central Louisiana
Alexandria, Louisiana

We have audited the financial statements of The Food Bank of Central Louisiana as of and for the year ended June 30, 2008, and have issued our report thereon dated October 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Food Bank of Central Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Food Bank of Central Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiencies described in 2008-01 through 2008-05 in the

accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that all of the significant deficiencies described above are material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Food Bank of Central Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not note any instances of noncompliance.

The Food Bank of Central Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Food Bank of Central Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management of The Food Bank of Central Louisiana, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.


Knight Masden

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

October 29, 2008

Board of Directors
The Food Bank of Central Louisiana
Alexandria, Louisiana

Compliance

We have audited the compliance of The Food Bank of Central Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Food Bank of Central Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The Food Bank of Central Louisiana's management. Our responsibility is to express an opinion on The Food Bank of Central Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organization*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Food Bank of Central Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The Food Bank of Central Louisiana's compliance with those requirements.

In our opinion, The Food Bank of Central Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of The Food Bank of Central Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Food Bank of Central Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expensing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the Food Bank of Central Louisiana's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Food Bank of Central Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Food Bank of Central Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management of The Food Bank of Central Louisiana, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana statutes, this report is distributed by the Legislative Auditor as a public document.


Knight Masden

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of The Food Bank of Central Louisiana.
2. Five control deficiencies disclosed during the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. These five conditions are considered material weaknesses.
3. No instances of noncompliance material to the financial statements of The Food Bank of Central Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over major federal award programs disclosed during the audit are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award program administered by The Food Bank of Central Louisiana expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Section C of this schedule.
7. The programs tested as major programs include:

Emergency Food Assistance Program	<u>CFDA Numbers</u>
	10.568
	10.569
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Food Bank of Central Louisiana does qualify as a low-risk auditee.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

2008-01 Control over Cash Disbursements

Condition:

The bank reconciliations are not being compared to the general ledger on a monthly basis.

Criteria:

The bank statement should be reconciled and compared to the general ledger every month.

Effect:

If the bank accounts are not reconciled, there is no way to know for sure all cash transactions are posted.

Cause:

Changes made in the general ledger were not changed on the bank reconciliation.

Recommendation:

The Food Bank needs to compare the bank reconciliation to the general ledger on a monthly basis and investigate and fix any differences.

Response:

See Management's Corrective Action Plan for their response.

2008-02 Receivables not Reconciled

Condition:

Receivable accounts are not being reconciled from the subsidiary ledger to the general ledger.

Criteria:

Receivables should be reconciled back to the general ledger on a monthly basis and adjustments to the general ledger accounts made to the proper accounts.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Effect:

Financial statements are misstated.

Cause:

No one is currently doing this task.

Recommendation:

Review receivable accounts' subsidiary ledgers and reconcile to general ledger on a monthly basis as part of the month end close process and resolve and correct any differences.

Response:

See Management's Corrective Action Plan for their response.

2008-03 Accounts Payable Invoices not Posted

Condition:

Several invoices for the period being audited were not posted in the payable system or the general ledger.

Criteria:

All invoices should be posted to the proper period.

Effect:

Financial statements are misstated.

Cause:

Certain invoices are being posted all at one time when funds are available to pay them.

Recommendation:

Post each invoice when it is received in the proper accounting period.

Response:

See Management's Corrective Action Plan for their response.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

2008-04 Preparation of Financial Statements

Condition:

The year end financial statements for audit are not prepared in accordance with generally accepted accounting principles.

Criteria:

The year end financial statements for audit should be presented to the audit firm prepared in accordance with generally accepted accounting principles.

Effect:

Financial statements used in management functions and decisions do not reflect the financial position of The Food Bank in accordance with generally accepted accounting principles.

Cause:

Entries that are needed to bring financial statements in line with generally accepted accounting principles are not posted to the financial statements.

Recommendation:

The Food Bank should engage another CPA firm or employ a qualified staff member to assist with accounting and preparation of financial statements.

Response:

See Management's Corrective Action Plan for their response.

2008-05 Segregation of Duties

Condition:

Many of the financial functions and reporting is performed by the executive director.

Criteria:

Organizations should create and implement controls including separation of duties that will allow for review and monitoring by someone other than the person who performed the work.

The Food Bank of Central Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Effect:

Financial functions and reporting lacks controls that could cause inaccuracies to go undetected.

Cause:

The Executive Director is too involved in day to day accounting functions which does not allow her to monitor and oversee financial processes and reporting.

Recommendation:

The Food Bank should provide the staff or outside help necessary to implement controls with the Executive Director monitoring the financial functions and reporting.

Response:

See Management's Corrective Action Plan for their response.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF AGRICULTURE

Passed through the State of Louisiana

No Findings

The Food Bank of Central Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2008

2008-01 Control over Cash Disbursements

Recommendation:

The Food Bank needs to compare the bank reconciliation to the general ledger on a monthly basis and investigate and fix any differences.

Corrective Action:

The traditional bank reconciliation that reconciled the bank balance to the general ledger balance being performed will include an additional review for any changes that have been made to the general ledger after the monthly bank reconciliations have been performed. An example in this case would be a check that is voided after the reconciliation has been completed. The changes had been made in the general ledger, but the check was still recorded as outstanding on the bank reconciliation form.

Implementation Date:

July 1, 2008

Contact:

Jayne Wright, Executive Director (318) 445-2773

2008-2 Receivables not Reconciled

Recommendation:

Review receivable accounts subsidiary ledgers and reconcile to the general ledger on a monthly basis as part of the month end process and resolve and correct any differences.

Corrective Action:

Management will review the receivables monthly to reconcile the receivable subsidiary ledger to the general ledger.

Implementation Date:

October 31, 2008

Contact:

Jayne Wright, Executive Director (318) 445-2773

The Food Bank of Central Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2008

2008-03 Accounts Payable Invoices Not Posted

Recommendation:

Post each invoice when it is received in the proper accounting period.

Corrective Action:

Management will see that each invoice is posted in the correct accounting period.

Implementation Date:

October 31, 2008

Contact:

Jayne Wright, Executive Director (318) 445-2773

2008-04 Preparation of Financial Statements

Recommendation:

The Food Bank should engage another CPA firm or employ a qualified staff member to assist with accounting and preparation of financial statements.

Corrective Action:

The Executive Director will present the board with a cost scenario of both options to address this issue. Based on the board decision, either another CPA or an additional staff member will be engaged to assist with accounting and preparation of financial statements.

Implementation Date:

January 31, 2009

Contact:

Jayne Wright, Executive Director (318) 445-2773

The Food Bank of Central Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2008

2008-05 Segregation of Duties

Recommendation:

The Food Bank should provide the staff or outside help necessary to implement the controls with the Executive Director monitoring the financial functions and reporting.

Corrective Action:

Based upon the board's decision with regard to finding number four, The Food Bank will either engage another CPA firm or additional staff to assist with the accounting duties, therefore providing the further recommended segregation of duties.

Implementation Date:

January 31, 2009

Contact:

Jayne Wright, Executive Director (318) 445-2773

The Food Bank of Central Louisiana
Summary of Prior Audit Findings
For the Year Ended June 30, 2008

A. Findings – Financial Statement Audit

2007-01 Control over Cash Disbursements

Condition:

The bank reconciliations are not being compared to the general ledger on a monthly basis.

Current Year Condition: See current year finding 2008-01

2007-02 Accounts Receivables not Reconciled

Condition:

Receivables aren't being reconciled from the subsidiary ledger to the general ledger.

Current Year Condition: See current year finding 2008-02

2007-03 Pledges Receivable Not Reconciled

Condition:

The Food Bank is not reconciling the pledges receivable with the general ledger.

Current Year Condition: See current year finding 2008-02

2007-04 Restricted Funds Are Not Properly Tracked on a Periodic Basis

Condition:

The Food Bank is not effectively tracking the receipts, expenditures, and the balance of restricted funds resulting in unknown total restricted funds to date.

Current Year Condition: This finding has been resolved.